

**STATEMENT OF
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U.S. DEPARTMENT OF COMMERCE
TESTIMONY BEFORE THE U.S. SENATE COMMITTEE ON INDIAN AFFAIRS
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Mr. Chairman, Senator Inouye, and Members of the Committee, my name is Jonathan Orszag and I am the Director of Policy and Strategic Planning at the Department of Commerce. In that capacity, I serve as Secretary Daley's chief policy advisor and my office is responsible for coordinating policy development and implementation for the Department. It is my pleasure to represent Secretary Daley today to discuss the Department's efforts to assist Native American communities and to represent the Department's views on two bills affecting Indian country that the Chairman has introduced.

Today, America's economy is the strongest in a generation. The national unemployment rate is 4.3 percent, 18.4 million new jobs have been created since the beginning of 1993, homeownership is at an all-time high, real wages are rising, and inflation is the lowest in three decades.

Unfortunately, as you know, the story for our Native American communities is not as bright. While we have made progress in recent years, the poverty rate is still two-and-a-half times the national average. The unemployment rate for Native Americans is still in double digits. The median family income of Native Americans is less than two-thirds of the typical income for all families. And an astonishing 53 percent of Indian homes on reservations do not even have a telephone --compared to only 5 percent of homes in the entire United States.

President Clinton, Vice President Gore, and Secretary Daley believe strongly in the value that America does not have a person to waste -- or a community that can be left behind. Thus, as the President said in his State of the Union address, "We must do more to bring the spark of private enterprise to every corner of America -- to build a bridge from Wall Street to Appalachia, to the Mississippi Delta, to our Native American communities...."

That is why Secretary Daley participated in the President and Vice President's announcement of their New Markets Tour -- which will hopefully shine the spotlight on those areas of the country, including Native American communities, that have not fully benefitted from our economic prosperity. The purpose of this tour will be to bring business executives to America's underserved areas, showing them the tremendous potential for growth.

That is why President Clinton held the first White House Conference on Economic Development in Indian Country. At the conference, President Clinton directed the Interior Department, the Commerce Department, and the Small Business Administration to develop --in consultation with other interested parties, including tribal governments --a strategic plan for coordinating existing Federal economic development initiatives for Native American and Alaska Native communities. And last December, we presented jointly our plan to the President.

That is also why the Department of Commerce has been focused on promoting economic development in Native American communities. I am pleased to tell the Committee that on June 4th the Department will open the San Manuel Band of Mission Indians Associate Office, a satellite office of an Export Assistance Center in California. Assisting local businesses in realizing their export potential, this Associate Office will be the first ever opened on Native American lands. For your information, I have attached the list of programs and initiatives the Department has undertaken to help increase business development on Native American reservations. (This extensive list was previously submitted into the *Congressional Record* by Dr. Phillip Singerman, the Assistant Secretary of Commerce for the Economic Development Administration, on April 21, 1999.)

Despite the efforts by our Department and the Department of Interior, we know that we have more work to do. Mr. Chairman, you have advocated increased coordination of our programs helping Native American communities. Upon review of your recommendation, I am pleased to tell you that Secretary Daley has decided to hire a "Senior Advisor to the Secretary" within my office who will be responsible for coordinating all of the Department's efforts to assist Native American communities. This person will serve as the point of contact for Indian economic development and will work with Commerce bureaus to increase tribal awareness of the wide array of Commerce programs.

I would like to turn now to the topic of today's hearing: S. 613 – the Indian Tribal Economic Development and Contract Encouragement Act; and S. 614 – the Indian Tribal Regulatory Reform and Business Development Act.

Since the Commerce Department is not affected by S. 613, the Department respectfully defers comment on this bill to the Department of Interior.

The Department of Commerce has a long history of working with tribes to promote and foster economic development. However, as you know, there remain many challenges to the ability of tribes to attract outside investment to stimulate economic development on Indian lands.

The Department supports the goals of S. 614 and believes it is very important to identify Federal laws and regulations that affect investment and business decisions concerning activities conducted on Indian lands. The Department believes that we would fulfill the obligations laid out in the bill effectively and efficiently, as long as the necessary resources were made available. Of course, we would work closely with the Department of Interior and other relevant Cabinet agencies to achieve the goals contemplated in the Act.

Since the cost of the Authority could be significant, I believe it is important to emphasize that the Department cannot currently perform the work required by S. 614 within existing funds. We look forward to working with the Committee to find adequate appropriations within a balanced budget to carry out the task.

Thank you again for this opportunity to represent the Department's views. I would be pleased to respond to any questions.

U. S. DEPARTMENT OF COMMERCE POLICY ON AMERICAN INDIANS AND ALASKA NATIVES

On March 30, 1995, Secretary Ronald H. Brown signed the first Departmental policy concerning American Indians and Alaska Natives. The policy:

- Recognizes Indian tribes' inherent sovereignty and right to self-government;
- Acknowledges the federal trust responsibility;
- Commits to a government-to-government relationship;
- Directs components to consult with and remove impediments to working with Indian tribes; and,
- Promotes economic development and self-sufficiency for Indian tribes.

On June 5, 1997, Secretary Daley and Secretary of the Interior Bruce Babbitt signed the Secretarial Order entitled, "American Indian Tribal Rights, Federal-Tribal Trust Responsibilities, and the Endangered Species Act". The Secretarial Order clarifies the responsibilities of the Commerce and Interior Departments when the implementation of the Endangered Species Act affects Indian lands, tribal trust resources, or the exercise of tribal rights.

DEPARTMENT OF COMMERCE ACTIVITIES IN INDIAN COUNTRY

Economic Development Administration (EDA)

EDA which was established in 1965 provides a series of building block tools for promoting economic development in distressed areas. EDA has an established history of focused assistance to Indian Country. Assistance intended to promote self-sufficiency through the local identification and implementation of strategic priorities that create jobs and promote investment by the private sector. EDA assistance and efforts on behalf of Indian Country include planning assistance, research studies, and implementation grants.

Planning Program

The EDA planning program, among other things, supports the formulation of economic development programs for Native Americans. The planning program helps create and retain full-time permanent jobs and income, particularly for unemployed and underemployed Native Americans. Over sixty tribes or tribal organizations are currently funded by EDA.

Research (Research and National Technical Assistance)

Pursuant to President Clinton's August 6, 1998 Directive, EDA is conducting a project designed to identify specific technology infrastructure needs in Indian Country, gaps in that infrastructure (including planning gaps), and how those gaps impede new technology development and adoption. EDA has commissioned an assessment of "Technology Infrastructure Needs of Native American and Alaska Native Communities" through a grant awarded in Fiscal Year 1999 to New Mexico State University. The final report is scheduled to be completed in early Summer.

EDA is examining the unique set of circumstances of successful reservation economic development through a study entitled, "Effective Economic Development Practices in Native American Economic Development". From a wide variety of successful economic development practices, the study will determine the principal success factors of projects, document the results in case studies, and disseminate results through publications and conferences, as appropriate. The National Congress of American Indians (NCAI) is conducting the research under an EDA grant approved in September 1998. In October of 1998, EDA co-hosted a session on economic development issues during the winter meeting of the NCAI. The final report will be completed by NCAI in the Fall of 1999.

In 1996, EDA funded a Native American research company to publish a comprehensive directory of American Indian Reservations and Trust Areas for the first time in 24 years. This 700 page document is an important tool for economic developers and potential investors in Indian Country. The document is currently available on the EDA Web site.

Implementation Grants

Since 1993, EDA has awarded 65 implementation grants that total \$35.6 million to Native American and Alaskan Native Tribes or organizations for the implementation of locally identified economic development priorities. Examples include manufacturing plants, water and sewer infrastructure, access roads, construction of technical, trades, training or cultural facilities, and feasibility studies.

International Trade Administration (ITA)

ITA has long-recognized the importance of reaching-out to the traditionally under-served Native American community. The United States and Foreign and Commercial Service (USFCS) is actively engaged with programs and activities to assist Native Americans export their products. This year, USFCS introduced an initiative that forges new pathways between minority-owned businesses and opportunities in the global marketplace. The **Global Diversity Initiative (GDI)** capitalizes on America's diversity through trade by creating comprehensive programs that will:

- Increase the number of minority-owned firms exporting their services

and products abroad.

- Expand the capability of minority firms entering international trade.
- Enhance the nation's economy through increased trade by minority firms.

The GDI serves Native American businesses primarily through the nationwide Native American Team comprised of trade specialists from the Western Regional Office. Listed below is a review of some of the USFCS activities in Indian Country since 1994:

- RES'99: Reservation Economic Summit and American Indian Business Trade Fair, Phoenix, AZ, March 10, 1999
- CHIBI99, Milan Italy, January 22-25, 1999
- HUBZones Symposium, Albuquerque, NM, December 2-4, 1998
- Annual NCAI Conference Myrtle Beach, South Carolina, SC, October 18-23, 1998
- 5th Annual Southwest Indian Tourism Conference, Pinetop, AZ, October 13-15, 1998
- CHIBI'98, June 1998
- Tribal and Indian-Owned Enterprises: Global Business Opportunities, April 24, 1997, Albuquerque, NM
- National Indian Business Association (NIBA) Annual Meeting, June 1994
- All Indian Pueblo Council, Inc., Albuquerque, NM
- Southwest Design and Craft Show, Dallas, TX, 1994
- RES '98: Reservation Economic Summit and American Indian Business Trade Show, Denver, CO, April 7-9, 1998
- "Building Partnerships with Native Americans Trade Fair and Conference," Albuquerque, NM

The Tourism Industries Office in the ITA is co-sponsoring with private industry the American Pathways 2000 program, a component of First Lady Hillary Rodham Clinton's Millennium Program. American Pathways 2000 encourages the development of tour itineraries in the United States that will highlight diverse cultures and heritages of this country, including Native American cultures. U. S. tour operators, working with local partners, have submitted tour itineraries that include opportunities to visit and purchase from Native American Tribes. Itineraries that are designated as American Pathways 2000 may display the American Pathways 2000 logo for marketing purposes. Information on the designated itineraries will be included on a Web page operated by private sector partners and made available world-wide.

Minority Business Development Agency (MBDA)

In order to address the unique business needs of Native Americans, MBDA established the Office of Native American Programs (NAP). NAP consists of Native

American Business Development Centers (NABDC) and a Native American Business Consultant (NABC). NABDCs and the NABC provide management and technical assistance to the Native American business community. MBDA recently established the Access to Capital Task Force and the Minority Business Coordinating Council. Representatives from Native American organizations and entrepreneurs are represented on the Task Force and the Council.

National Oceanic and Atmospheric Administration (NOAA)

In April 1995, Commerce and the American Indian Science and Engineering Society (AISES) signed a Memorandum of Understanding which provides the cooperative framework for the Commerce/AISES "Project Partnership Program" (AISES Program). The AISES Program helps to increase employment opportunities at Commerce for AISES students and professionals. Furthermore, the AISES Program helps to increase educational opportunities offered by Commerce for AISES students and other American Indians and Alaska Natives.

National Telecommunications and Information Administration (NTIA)

Through its policy work and grants programs, NTIA is helping to extend the benefits of the Information Superhighway to American Indian and Alaska Native communities. For example, the Telecommunications and Information Infrastructure Assistance Program (TIIAP) provides matching grants to non-profit entities, tribal, state and local government. Since 1994, TIIAP has funded 18 tribal projects that are serving as models within Indian Country.

In addition, NITA's Public Telecommunications Facilities Program (PTFP) is bringing the public broadcasting system to Indian Country by providing matching grants to non-profit entities for the planning, construction, and replacement of outdated public radio and television equipment. PTFP-funded projects currently serve over forty tribal communities throughout the United States.

Patent and Trademark Office (PTO)

PTO, in consultation with tribal organizations, is exploring the possibility of conducting workshops customized for Native Americans on how to protect intellectual property through obtaining a patent or trademark. These workshops could be held in conjunction with the annual AISES conference and other national forums. PTO is also involved in several programs geared toward improving the educational opportunities for Native Americans. From 1994-1996, through its Lakatoa Program, PTO sponsored internships for students attending college on the Pine Ridge Reservation in South Dakota. In 1997, PTO sponsored college students through the AISES Program. In addition, PTO employees sponsor a mentor program for the children of the Piscataway Conoy Confederacy in Maryland.